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C O N F I D E N T I A L SECTION 01 OF 02 DUBAI 000268

SIPDIS

DEPARTMENT: NEA/ARP MASILKO, ROEBUCK, STEINFELD; DRL/ILSCR ANZALDUA

E.O. 12958: DECL: 7/10/2018

TAGS: PGOV ELAB PHUM AE IN

SUBJECT: LABOR UNREST ROCKS RAS AL KHAIMAH CONSTRUCTION COMPANY

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CLASSIFIED BY: Angela Allen, OMS, RSO, State.
REASON: 1.4 (b), (d)

¶11. (U) SUMMARY: Employees and sub-contractors of Al Hamra Construction Company in Ras Al Khaimah were involved in a labor protest on July 6 which culminated in the destruction of several company vehicles and damages to company property. Reports indicate that the incident, which began as a small dispute between several employees and company security, escalated into a large-scale clash between the laborers and Ras Al Khaimah police backed up by forces from the federal Interior Ministry. After the dust settled, police reportedly took several thousand laborers into custody for questioning. Criminal charges and/or other disciplinary action are currently pending a decision by the public prosecutor. END SUMMARY.

Large-Scale Protest Initially Overwhelms Company Security,
Police Forces

¶12. (SBU) On the evening of July 6, employees and sub-contractors of Al Hamra Construction Company, a subsidiary of the 100 percent government-owned Ras Al Khaimah Investment Authority, were involved in a protest on the company's grounds. Reports differ on the number of employees involved, ranging from 300 to ¶13000. Haig Puzantian, General Manager of Al Hamra, told Pol/Econ Officer that the protest began when several intoxicated employees attempted to obtain food after the closing of the camp cafeteria. (Media reports indicate that a large number of laborers were unhappy about the quality of the food being served.) When confronted by company security, he said, the laborers, later joined by other camp residents, attacked security guards and subsequent reinforcements provided by the Ras Al Khaimah Police. In addition to throwing rocks and debris at the responding security force, the rioters damaged several company vehicles, buses, and camp facilities. Ultimately, forces from the Interior Ministry were brought in to quell the unrest.

Police Detain Thousands for Questioning

¶13. (SBU) Police reportedly took several thousand employees into custody for questioning. (Note: Reports on the number of laborers taken into custody widely differ. Puzantian told Pol/Econ Officer that between 300-600 employees and sub-contractors were taken for questioning. Media reports, however, indicate that as many as 3000 laborers, many of whom are Indian nationals, were taken for questioning by the security

forces, even though many of these workers were likely not involved in the unrest. End Note.) According to Jihad Quzmar, legal advisor to the Ras Al Khaimah Royal Court, charges against those responsible are currently pending in the Ras Al Khaimah public prosecutor's office. Those found to have been involved will likely face criminal charges and/or deportation.

¶4. (C) Media reporting and at least one internet blog suggested that the unrest was caused, in part, by non-payment or partial payment of wages. Puzantian, however, directly disputed this notion, offering to show Pol/Econ Officer the company's records which indicate that all wages were paid in full during the first week of the month. When asked about Al Hamra's adherence to the recently enacted Ministry of Labor policy directing private companies to begin direct depositing employees' wages, Puzantian responded that approximately 50 percent of Al Hamra's employees receive wages electronically. The other half, he said, would eventually receive their salaries in the same manner as soon as the company could educate the employees about the new system.

Recruitment Agencies Criticized

¶5. (C) Puzantian singled out the various recruitment agencies which fill the company's personnel requests as contributing to the problem, noting that these agencies often send employees whose qualifications do not match the job description. He said these employees frequently choose to continue working in a position different from that which is specified on the initial contract (and often at a lower salary). He explained that confusion and frustration result when employees expect to receive the salary specified in the initial contract but ultimately receive wages commensurate with the lower-level job. (Comment: A more jaundiced view is that Al Hamra is engaging in the practice of "contract switching," whereby the company

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changes the contract terms once the employee has arrived and assumed significant debt. End Comment.)

Comment

¶6. (C) The extent to which the labor unrest was caused by a dispute over the availability of food, food quality, or non-payment of wages is uncertain at this point. The incident does underscore the relatively tenuous labor situation in the UAE. Though the country has escaped large-scale disruptions as seen in the October and November 2007 labor protests in Dubai, significant protests can occur with little notice. Additionally, the absence of any reporting of this incident in the mainstream press seems to suggest that both the local and national governments have attempted to suppress widespread media coverage of the incident in order to avoid the negative publicity that surrounded last year's protests. Interestingly, post believes that Al Hamra Construction Company is a sister company of Al Hamra Real Estate Development Authority, 100 percent owned by the Crown Prince and de facto ruler of Ras Al Khaimah, Sheikh Saud bin Saqr al Qassimi, and his son Mohammed. If, in fact, the protest resulted from non-payment of wages or other sub-standard working conditions (i.e., poor food quality), it raises a number of important questions regarding the Ministry of Labor's oversight of companies wholly or partly owned by royal family members.

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